

## MA SUSTAINABLE DESIGN ROUNDTABLE WORKING GROUP MEETING NOTES

Group: **Bidding and Awarding**

Date: February 17, 2005

Location: MA State College Building Authority, 136 Lincoln Street Boston, MA

Attendees: Quincy Vale (Powerhouse Enterprises, chair), David Burson (MSCBA), Marcia Deegler (OSD), Andrea Ranger (DOE), Steven Picardo (Bank of America), Barbara Boylan (MBTA), Marie Zack Nolan (EOEA, staff)

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### **Discussion on Issues affecting Bidding and Awarding Process:**

#### Agency experiences in writing performance criteria and specifications:

- MBTA experience: MBTA writes performance criteria and technical specifications to get desired results when contracting. Consultants review shop drawings and can reject them. MBTA does not have to go through a filed sub bid process.
- Other state contract experience: Subcontractors can say that it's too hard to meet specs so we're going to reject them and it goes to arbitration court. School projects fear contractors can not meet criteria.
- If perceived risk is felt by contractor, then price becomes elevated so need specifications to be written as tightly as possible without being extreme.
- Mechanism for continuous improvement – how to share improvements with other agencies? MBTA shares lots of information with other agency people but this was not thought to be the norm for other agencies.
- New Construction Reform Legislation (Chapter 193 went into effect July 2004) puts more emphasis on qualifications but emphasizes low bid as well. Architects and construction managers are brought in at same time but on separate contracts

#### MBTA contracting experience and needs:

- MBTA is exempt from new CM at risk legislation because it cannot do design build.
- MBTA needs environmental push or state policy initiative to incorporate sustainable design so this Roundtable process could be very helpful.
- LEED professional adds \$25,000 to a bid so it is the first to go when cutting costs.
- Barrier: MBTA uses RFQ's and not RFP's. No fees are involved in RFQ's so price is negotiated after the time when a LEED professional would be required.
- Barbara Boylan is a member of the Design Review Board for state government contracts.

#### Life Cycle Cost Analyses (LCA) as part of contracts:

- School Building Authority is developing regulations for school funding assistance.
- Cost-benefit test should be established to determine if utility-side projects are cost-effective or not. This LCA question is not only first cost but O&M cost issue.
- Have any other states come up with protocol of how to formulate LCA? LCA is only as good as its assumptions like projections of future energy costs.

- MSCBA projects life cycle costs over time as part of a project's pro forma. A Capital Reserve Fund for repairs and maintenance is set aside upfront and drawn down over time.
- SLUG – common investment criteria. Interim v. permanent funding

#### Stakeholders in bidding and awarding process:

##### Users of Bids:

- 1) State agencies and authorities – have their own guidelines and project managers
  - 2) Towns and municipalities – depend on expertise of project team
- Office of Inspector General informs public of new laws. IG's office prepared FAQ's for Chapter 193. Barbara Hanscomb is a contact. IG Office has responsibility to protect and support the quality of public buildings
  - Are there ways to pair a decrease of downstream O&M with preferred interest financing? Pre-construction mortgages for homeowners could include lowered interest rate.
  - Total capacity to repay debt – state can raise taxes unlike private enterprise.
  - Is there documentation that green costs more? Kats study found 1-3% of costs are additional to be green but they are paid for downstream depending on quantification of employee productivity. Of the 40 CA cases studies, 14 had no cost increases. Kats study showed more experienced green team does not spend as much money to integrate sustainable design. Supports concept of the need to hire qualified professionals in sustainable design.
  - Need to train construction managers and architects. MTC is going to give grant to do outreach for integrated design to municipalities.

#### School construction experience:

- Schools are motivated to show how they can save energy in order to get an extra 2% of state reimbursement. School benefits from building green by healthier students, better daylighting and acoustics, better MCAS scores. Energy modeling shows a certain percentage beyond building code and auditing verifies it.
- MTC is funding case studies of 13 schools by university teams. Caroline Conway is MTC contact about program.

#### Building maintenance contract issues:

- Different approaches to pay for building maintenance:
  - 1) Bidders out-source for next 5 years, this ensures that maintenance happens
  - 2) Experiential knowledge of in-house staff may be preferred to out-sourcing
- Commissioning process and agent to provide training to staff should be required. This ensures that project is built as proposed. Commissioning is a requirement in LEED and in the MA Energy Code, Chap. 13.
- State is beginning to add sustainable design criteria like first year maintenance in contract.
- Different commissioning models:
  - 1) Commissioning can be part of design and construction process with the independent third-party reporting directly to Owner. Example is Salem State College project.
  - 2) Schools are adapting a model that will have the municipality hire a commissioning agent under the Architect/Engineer with findings reported to the Owner at the same time.

List of opportunities for promoting sustainable design in the bidding and awarding process:

1. Education of construction managers, architects, engineers on sustainable design
  2. Require sustainable design practice experience in qualifications. Chapter 193 opens door.
  3. Design specifications based on performance
  4. Need to learn more about specifications process for schools.
  5. Need information exchange mechanism for state authorities in order to have more sharing among agencies and coordination. E.g. how does one learn about the best indoor air quality plan? BSA COTE is a vehicle for information exchange. Information sharing is especially important because under new law, everything has to go out to bid.
  6. Project Team Selection under Chapter 193 for state authorities and towns and municipalities
  7. Product materials, design and specifications under new law; referring to state contracts list
  8. MA has need for a database of sustainable materials that meet certain performance criteria like a certain amount of recycled content – EPA had database but stopped maintaining it.
  9. MBTA could use assistance in making their specs writing procedure and bidding and awarding process more sustainable.
10. Recently OSD has gone back to lowest bid for contracts. In the past, a number of carpet manufacturers met specs. Once certified, agencies could use these contractors. Now, state has to get 3 quotes for any price bid. Need to streamline contracts to go down to a few contractors.
- Barrier: Project cost thresholds are set so low that have to go out to bid for everything.
  - Could there be a process that has embedded carbon content as a performance goal? England has a low carbon buildings program that promotes low amounts of carbon during the construction and operation of buildings.

Working Group Logistics:

- This working group would like to have a joint meeting with the capital v. operating budget working group to share information.
- Invite DCAM representative to be part of bidding and awarding working group.
- Invite IG Office representative to participate in Roundtable and working group.

Next Meeting:

April 7, 9:30 – 11:00 am at MSCBA